

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**Respiratory Assist Devices
With Back-up Rate**



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EXECUTIVE SUMMARY

PURPOSE

To determine if the bi-level respiratory assist device with a back-up rate receives frequent and substantial servicing.

BACKGROUND

The Omnibus Reconciliation Act of 1993 (OBRA 1993) amended the Social Security Act to exclude ventilators that are “either continuous airway pressure devices or intermittent assist devices with continuous airway pressure devices” from the “frequent and substantial servicing” payment category. The Health Care Financing Administration (HCFA) has proposed that the bi-level respiratory assist device with a back-up rate be reassigned to the capped rental category in accordance with the exclusion implemented by OBRA 1993, but has not yet completed action on this proposal.

Under the frequent and substantial payment category, suppliers are paid an established monthly rental fee as long as the device is medically necessary. Under the capped rental payment category, suppliers are paid a monthly rental fee for a stipulated amount of time at which point either Medicare purchases the machine on behalf of the beneficiary or the beneficiary continues to rent the device on their own. The impact of reclassifying the device would be to reduce Medicare reimbursement for the use of this device.

In order to help determine the appropriate category of DME reimbursement for bi-level respiratory assist devices with a backup rate, the Office of Inspector General conducted a study to determine whether such devices receive frequent and substantial servicing. In order to do this, we selected a stratified random sample from all Medicare claims for this device billed during September 1999. Our final sample consisted of 206 beneficiaries served by 182 suppliers for a response rate of 74 percent.

FINDINGS

Supplier services consist primarily of routine maintenance and patient monitoring

Manufacturers, suppliers, and beneficiaries all report that the services provided to beneficiaries by suppliers consist of routine maintenance, mainly of the equipment’s accessories, and monitoring the patient’s interface with the machine. None of the suppliers or manufacturers indicated internal servicing as part of the regular servicing protocol.

For most beneficiaries, visits do not meet supplier protocols for frequency

Supplier records reveal and beneficiary survey respondents report that supplier visits do not reflect the frequency stipulated by supplier protocols. Supplier records also indicate that visits are not made on a consistent basis. For example, the number of days between beneficiaries' first and second visits ranges from 1 to 468 days. Although beneficiaries are not receiving consistent visits suppliers continue to receive monthly rental payments intended to cover "frequent and substantial servicing."

Contrary to supplier protocols, the number of beneficiaries receiving visits declines over time

Supplier records indicate that the number of beneficiaries receiving visits decreases over time. While a decrease in the number of visits per beneficiary is expected based on supplier protocols, a decrease in the number of beneficiaries receiving services is not. Eighty-five percent of beneficiaries received a visit in the first quarter after they started using the machine. The number of beneficiaries receiving a visit within the second quarter drops to 59 percent. In fact, almost half of the beneficiaries received their last visit from the supplier within 6 months of receiving their machine. Eight percent of beneficiaries never received a single visit.

Covering the respiratory assist device under capped rental would have saved Medicare \$11.5 million annually

Between January 1996 and September 1999, the Medicare program allowed \$160 million for bi-level respiratory assist devices with a back-up rate. Under capped rental Medicare would have allowed \$117 million for this same time period. This yields a potential savings of \$43 million or \$11.5 million per year.

RECOMMENDATIONS

HCFA should move the bi-level respiratory assist device with a back-up rate from the frequent and substantial servicing to the capped rental payment category

The HCFA's intention to move the bi-level respiratory assist device with back-up rate from the frequent and substantial payment category to the capped rental payment category appears justified. Beyond capturing savings, our findings indicate that the bi-level respiratory assist device with back-up rate primarily requires routine maintenance and patient monitoring. Further, this level of servicing is not performed frequently nor consistently, often stopping after a short period of time.

Given that the delivery of follow-up services is most intense early on, while the beneficiary adjusts to using and caring for the new equipment, a significant portion of follow-up services would be covered by the monthly payments allowed under the capped

rental payment methodology. These rental payments continue for at least a year after the beneficiary receives the machine.

AGENCY COMMENTS

The HCFA concurred with our recommendation, stating that they plan to move the bi-level respiratory assist device with a back-up rate from the “frequent and substantial servicing” payment category to the “capped rental” payment category. They believe this change is needed to accurately reflect the requirements of Section 1834(a)(3) of the Social Security Act.